MARKETING SEGMENTATION

MM – 102

GENERAL OBJECTIVES OF THE SUBJECT

At the end of the course, Individuals will examine the principles of Marketing Segmentation apply them within the companies need critically reflect Marketing behavior within companies *and* their impact on the development of this course.

3. MARKETING SEMENTATION

3.1 Definition of Marketing & Marketing Strategies
3.2 Types of Marketing
3.3 Marketing Segmentation
3.4 Segmentation Variables

3.1 Definition of Marketing & Marketing Strategies

Market segmentation is a crucial marketing strategy. Its aim is to identify and delineate market segments or "sets of buyers" which would then become targets for the company's marketing plans. The advantage to marketing management is that a technique divides total demand into relatively homogeneous segments which are identified by some common characteristics. These characteristics are relevant in explaining and in predicting the response of consumers, in a given segment, to marketing stimuli.

The market can be subdivided by geographic, demographic, psychological, psychographic or behavioral variables. The advantages and disadvantages of each of these types of segmentation variables are discussed in detail in this lesson. Kotler (1984) has identified four requirements that a marketer can use in evaluating the desirability of potential market segments, namely measurability, accessibility, substantiality and action ability. Once a segment has been identified which meets these requirements, it is possible to develop a product or service which meets the unfulfilled needs of this segment. A marketing mix can then be devised to reach the segment identified economically and efficiently. A strategy of market segmentation attempts to regain some of the benefits of the closer association with customers which was the strength of traditional business operations.

Steps in Marketing

1) ***Establish short-term measures to evaluate your efforts***. Determine how you will measure your effort. For example, will you use higher customer satisfaction ratings, increased revenues earned per customer, number of products sold to customers, transaction costs, or another measure?

2) ***Identify your customers***. Gather all the information you can about your current customers, including their buying patterns, likes, and dislikes. When conducting business with them, include an “opt in” question that allows you to legally gather

and use their phone numbers and e-mail addresses so as to can remain in contact with them.

3) ***Differentiate among your customers***. Determine who your best customers are in terms of what they spend and will spend in the future (their customer lifetime value), and how easy or difficult they are to serve. Identify and target customers that spend only small amounts with you but large amounts with your competitors.

4) ***Interact with your customers, targeting your best ones***. Find ways and mediums in which to talk to customers about topics they're interested in and enjoy. Spend the bulk of your resources interacting with your best (high-value) customers. Minimize the time and money you spend on low-value customers with low growth potential.

5) ***Customize your products and marketing messages to meet their needs***. Try to customize your marketing messages and products in order to give your customers exactly what they want—whether it's the product itself, its packaging, delivery, or the services associated with it.

3.2 Types of Marketing

Marketing is a strategy used by companies to communicate with the consumer and make him knowledgeable about the various features of their products and services. It is an essential part of attracting the target buyers to a particular product, and companies use various innovative or tried-and-tested techniques to stay ahead of their competitors and make their place in the market.

Here are some of the most popular and effective types of marketing:

- **Affinity Marketing** - Also known as Partnership Marketing, this technique links complementary brands, thereby creating strategic partnerships that benefit both companies. While one adds value to existing customers by generating more income, the other builds new customer relationships.

- **Alliance Marketing** - Here two or more entities come together to pool in their resources to promote and sell a product or service, which will not only benefit their stakeholders, but also have a greater impact on the market.

- **Ambush Marketing** - This strategy is used by advertisers to capitalize on and associated themselves with a specific event without the payment of any sponsorship fee, thereby bringing down the value of sponsorship. It has sub-categories like direct or predatory ambushing or indirect ambushing by association, to name a few.

MARKETING SEGMENTATION

MM – 102

- **Call to Action (CTA) Marketing** - CTA is a part of inbound marketing used on websites in the form of a banner, text or graphic, where it is meant to prompt a person to click it and move into the conversion funnel, that is, from searching to navigating an online store to converting to a sale.

- **Close Range Marketing (CRM)** - Also known as Proximity Marketing, CRM uses bluetooth technology or Wifi to promote their products and services to their customers at close proximity.

- **Cloud Marketing** - This refers to the type of marketing that takes place on the internet, where all the marketing resources and assets are transferred online so that the respective parties can develop, modify, utilize and share them.

- **Community Marketing** - This technique caters to the needs and requirements of the existing customers, as opposed to using resources to gather new consumers. This promotes loyalty and product satisfaction and also gives rise to word of mouth marketing among the community.

- **Content Marketing** - In this case, content is created and published on various platforms to give information about a certain product or service to potential customers and to influence them, without making a direct sales pitch.

- **Cross-media Marketing** - As the name suggests, multiple channels like emails, letters, web pages etc. are used to give information about products and services to customers in the form of cross promotion.

- **Database Marketing** - This utilizes and information from database of customers or potential consumers to create customized communication strategies through any media in order to promote products and services.

- **Digital Marketing** - This strategy uses various digital devices like smartphones, computers, tablets or digital billboards to inform customers and business partners about its products. Internet Marketing is a key element in Digital Marketing.

- **Direct Marketing** - This is a wide term which refers to the technique where organizations communicate directly with the consumer through mail, email, texts, fliers and various promotional materials.

- **Diversity Marketing** - The aim of this strategy is to take into account the different diversities in a culture in terms of beliefs, expectations, tastes and needs and then create a customized marketing plan to target those consumers effectively.

- **Evangelism Marketing** - It is similar to word-of-mouth marketing, where a company develops customers who become voluntary advocates of a product and who promote its features and benefits on behalf of the company.

- **Freebie Marketing** - Here a particular item is sold at low rates, or is given away free, to boost the sales of another complimentary item or service.

- **Free Sample Marketing** - Unlike Freebie Marketing, this is not dependent on complimentary marketing, but rather consists of giving away a free sample of the product to influence the consumer to make the purchase.

- **Guerrilla Marketing** - Unconventional and inexpensive techniques with imagination, big crowds and a surprise element are used for marketing something, a popular example being flash mobs.

By keeping in mind the distinctive features of the product, the demographics of the target consumer and their spending power, and the current strategies of existing companies, an effective marketing strategy may be successfully created. The types of marketing keep evolving with new developments in technology and changes in the socio-economic structure of a market.

3.3 Marketing Segmentation

Market segmentation obtain a differential advantage through making their products or services different from those of competitors. This product differentiation strategy is "designed to offer variety to buyers rather than to appeal to different segments". The product differentiation has followed the approaches shown below:

a) physical differentiation of product
b) psychological differentiation of product
c) differences in purchasing environment
d) difference by virtue of physical distribution capability
e) differences in after-purchase assurance of satisfaction in use differences in prices and terms of sale.

Product differentiation proved moderately successful but because it does not centre upon the needs and requirements of the consumer it has failed to yield maximum benefits to the producer and consumer. Companies are increasingly embracing market segmentation strategies as a result of the dissatisfaction they have experienced with product differentiation.

At a superficial level the theory of market segmentation appears to conflict with basic economic theory. The tailoring of a product to meet the needs and wants of a market segment militates against long production runs and the resulting economies of scale. The development of the segmentation approach to market planning was associated with the end of rationing after the war, the acceleration of technological progress, increased social mobility and growth in the variety of wants felt by consumers and the revival of competition as a market force (Crimp 1985).

Manufacturers were thus able to identify marketing opportunities, design and launch a product to fulfill the requirements of that segment and concentrate marketing effort on that segment. This yielded a two-fold benefit. The manufacturer could adjust prices, distribution channels, promotions and advertising to reach the target market efficiently. "Instead of scattering their marketing effort ('Shotgun' approach), they can focus it on the buyers who have the greatest purchase interest ('rifle' approach)" (Kotler 1984,).In addition the manufacturer could develop sufficient loyalty for his product to withstand the price appeal of retailers own label products.

USES OF THE MARKET SEGMENTATION APPROACH

The importance of the market segmentation approach has already been stressed in the introduction to this lesson. It can help to set the basic objectives for the whole marketing operation, and to indicate appropriate strategies by which these objectives can be realized. The type of objective and strategy will affect the type of segmentation problem posed, which in turn will determine the kind of research necessary. Lunn (1978) has identified four characteristic types of marketing problem which would normally be solved through a market segmentation study.

a) **Defining the market -** It is important to view a market from a consumer's viewpoint rather than from that of the manufacturer. Products which are viewed as substitutes by the customer may come from several distinct product fields when the manufacturer's perspective is considered. On one hand the consumers' product field concept may range quite widely, and on the other she may not necessarily consider all the brands from any one field as being suitable for a particular need or set of needs.

b) **To rationalize policies for existing brands and products -** The company is constantly seeking to devise optimum strategies for its products. The objective may be to improve market share, weaken the position of a key competitor, or protect a brand from competitive activity. In the light of the market segmentation research, attempts may be made to increase the purchase rate of current buyers, to convert buyers from competing brands or to attract a new group of customers to the product field.

c) **To position ranges of brands and of product varieties -** In a market with several different segments of consumers who have different needs a company is well advised to cater for several of the more important segments if it has sufficient resources. At the same time competition between the company's brands in any segment should be minimized.

d) **To identify gaps in market which offer new product opportunities -** The aim here is to identify customer segments whose needs are not being met by any existing brand. These needs may be met by launching a new product or by altering an existing product.

Market segmentation is clearly a crucial marketing strategy. It enables the marketing manager to divide total demand into relatively homogeneous segments identified by geographic, demographic, psychological or behavioral variables. These characteristics are relevant in explaining and in predicting the response of consumers, in a given segment, to marketing stimuli. Once a segment has been identified which fulfills the requirements of measurability, accessibility, substantiality and action-ability it is possible to develop a product or service to meet the needs of the segment. Marketing mix can then be devised to reach the segment identified efficiently and economically.

3.4 Segmentation Variables

The bases for segmenting markets are realizing the potential benefit of market segmentation requires both management acceptance of the concept and an empirical segmentation study before implementation can begin. Wind (1978,) states that "most segmentation studies have been conducted for consumer goods". However both the concept of segmentation and the majority of segmentation approaches are equally applicable to consumer and to industrial markets (Webster and Wind 1972, Nicosia and Wind 1977).

The segmentation model requires the selection of a basis for segmentation, (the dependent variable), and descriptors, (the independent variables), of the various segments. There is a very wide selection of variables mentioned in the consumer literature as possible bases for and descriptors of segments.

The segmentation base chosen to subdivide a market will depend on "***the type of product, the nature of demand, the method of distribution, the media available for market communication, and the motivation of buyers"*** (Chisnall 1985). These segmentation bases are rarely used alone, a combination of two or more of them is more usual. The various bases of segmentation analysis are discussed under the following headings:

1) Geographic bases in which markets are divided into geographic units.

2) Demographic bases include segmentation studies based on age, sex, socio-economic group, family size, life cycle, income, occupation, education, etc.
3) Psychological bases in which personality factors, attitudes, risk, motivation etc. are used to divide the market.
4) Psychographic bases include lifestyle, activities, interests, opinions, needs, values and the like as market delineators.
5) Behavioral bases include brand loyalty, usage rate, benefits sought, use occasions.

a) Geographic segmentation was perhaps the first type of segmentation to exist, historically speaking (Lunn 1978). This is because many companies operate along geographic lines. "Small manufacturers who wished to limit their investments, or whose distribution channels were not large enough to cover the entire country, segmented the US market in effect by selling their products only in certain areas" (Haley 1968). These comments apply to many countries other than the United States of America.

Markets can be analyzed nationally, regionally or locally. When assessing market opportunities in different countries a useful categorization is based upon gross national product per capita. This generates three main segments; those of the industrialized countries, the developing countries and the less developed countries. Weber (1974) has noted the potential of the developing countries which account for only 19% of the world's population but 32% of the world's income. Areas can be studied for differences in buying behavior attributed to locale. Food habits, for instance, tend to have regional variations. In Scotland, the consumption of both vegetables and beverages recorded by the National Food Survey is considerably lower than that of England and Wales (Household Food Consumption and Expenditure 1981 (1983),
.
One major development in the field of geographic based segmentation is Richard Webber's ACORN (A Classification of Residential Neighborhoods). The system was developed from sociological research into urban deprivation in Liverpool and it classifies people and households according to the type of neighborhoods in which they live. After joining Consolidated Analysis Centre Inc. (CACI), Webber extended his original classification. Presently ACORN recognizes 38 neighborhood types, identified by a combination of 40 variables from census data. These 40 variables include age and household composition, housing type, social and employment status.

ACORN is a powerful segmentation tool which offers a detailed profile of particular segments together with their precise location. "It clearly has particular relevance to direct marketing, least distribution and local media selection" (Chisnall 1986). In 1983 the Consumer Location System (CLS) was launched. This system has combined BMRB's Target Group Index (TGI) and ACORN. TGI examines the purchasing habits of approximately 24,000 consumers across more than 500 product fields. The TGI results are correlated with ACORN neighborhood types to identify the concentrations of potential purchasers for a specific product. Actual names and addresses of people in relevant target groups can be generated as the electoral register has been computerized by CNN systems. This is clearly a much tighter specification of a mass consumer market than is currently available through any other medium (Rines 1983).

b) **Demographic segmentation** consists of dividing the market into groups on the basis of demographic variables such as age, sex, socio-economic group, family size, life cycle, income, occupation and education. Kotler (1984) states that "demographic variables are the most popular bases for distinguishing customer groups", possibly because of the ease with which this kind of data can be collected. These characteristics have become the basic terms in which many marketers consider the consumer. This is reasonable in as much as demographic variables describe important aspects of the consumer which give rise to purchasing requirements. Additionally demographic data has been collected over such a long period of time that relationships with other marketing variables e.g. media use have become well-known (Lunn 1978). Thus many marketers collect demographic data on the characteristics of their consumers routinely, even when they intend to use some other base for segmentation.

In recent years demographic segmentation has been subject to considerable criticism. Stan ton (1978) has commented that "Looking at the demographic variables... rarely is a useful market segment identified by a single market factor". McCarthy (1978) takes a similar stance commenting that product choice is only weakly related to demographics. A number of studies have revealed that demographic variables such as age, sex, income and occupation are predictors of behavior, and as such are of limited value in the formulation of market segmentation studies. Haley (1968) has noted that they rely on descriptive rather than causal factors and as such are "not efficient predictors of future buying behavior, and it is future buying behavior that is of central interest to marketers". Perhaps the most widely cited study quoted in this context is the study of 57 grocery products by Frank *et al.* (1967).

These authors concluded "socioeconomic and demographic characteristics are poor predictors of consumption for a wide range of specific grocery products". Support for their conclusions have come from other researchers (Koponen 1960, Hudegard and Krueger 1964;Frank 1967, Massy *et al.* 1968}. The only researchers to take exception to this conclusion are Bass *et al.* (1968) and more recently Wheatley *et al.* (1980). Both these research teams have taken the approach of examining group rather than individual behavior which may account for their success in using demographic segmentation variables where approaches based on the individual consumer failed. However demographic bases for segmentation of both individual and group behavior are still avidly defended by many marketing research practitioners.

Age has frequently been used as a base for segmentation on the basis that consumer wants and capacities change with age. 'A notable state of the art review of this variable was conducted by Phillips and Stemthal (1977). They examined the differences made by age in information processing with a view to designing more appropriate advertising communications for different age segments. The study addressed two issues:

a) Whether elderly individuals show a differential sensitivity in processing information in relation to younger people.
b) At what age these differences are manifested.

They concluded that age differences result in a complex set of changes in individuals' sources of information, ability to learn and susceptibility to social influence. These changes do not necessarily occur at 65 years but they are related to the social, psychological and physical changes that accompany ageing.

In many product areas the sex of a consumer determines the product he or she will buy. For instance, sex segmentation has long been applied to clothing, magazines, cosmetics and toiletries (Kotler 1984). More recent work has indicated sex differences in a product area not normally considered to have a sex link, that of food (Dickens and Chappell 1977). In some cases the life cycle concept has proved a more useful segmentation variable than age (Lansing and Kish 1957). These authors made a comparison between life cycle and age on six aspects of the family's consumption pattern and concluded that life cycle discriminated better than age in all six cases, and that life cycle analysis provided some useful information that analysis by age tended to conceal. life cycle is a composite variable, made up of factors which include age, number of years married, age of children and working status. The concept was postulating in the 1930s but only developed in a marketing sense in the 1950s and 1960s.

It is applicable to the conventional nuclear family. Berkman and Gilson (1981) consider that it may "not reflect current trends such as the two income family". Derrick and Lehfeld (1980) give a detailed analysis of the litigations of the traditional life cycle which they consider "fall under two main headings—operationalizing the stages and interpreting the results".

c) **Psychological segmentation** general dissatisfaction with geographic and demographic characteristics as segmentation bases led to the use of psychological variables as a basis for predicting consumer behavior. It was anticipated that procedures developed and tested by anthropologists, sociologists and psychologists could be applied to the segmentation of consumer markets. The work has centred on the use of variables such as personality, risk, reference groups and attitudes.

He identified six types:

1) **Theoretical** — dominant interest in discovering the truth, a cognitive attitude towards life.
2) **Economic** — dominant interest in what is useful, a practical approach to life.
3) **Aesthetic** — dominant interest in form and harmony, an artistic approach to life.
4) **Social** — dominant interest is in people—love is his main approach to life.
5) **Political** — dominant interest is in social relations but with a basic life approach of power.
6) **Religious** — dominant interest in doctrines and philosophy, with a mystical approach to life.

According to Kassarjian (1971) there is no accepted definition of the term "personality". However Jahoda and Warren (1969) have defined it as "the total organization of internal psychological functioning". One underlying basic assumption of personality theories is that "personality reflects enduring needs of the individual; that is needs that are 'common denominator?' A person's behavior regardless of the nature of the problem situation with which he is faced" (Mostyn 1977). This implies that an individual has an enduring set of tendencies to behave in a given way to given classes of stimuli.

One of the earliest papers linking psychological factors with consumer behaviour was that of Mason Haire (1950). Respondents were asked to describe the personality and character of the women whose shopping list they examined. They were given two lists which only differed in respect of the coffee listed, one was Nescafe Instant, the other Maxwell House Drip grind (a type of finely ground coffee bean). The respondents were able to characterize these two women with the result that they saw the Nescafe shopper as lazy and a poor household planner and the Maxwell House shopper as thrifty and a good wife. Since this work psychological segmentation has proliferated. A useful examination of the topic has been published by Mostyn (1977). Firstly, some of the important pairs which have indicated a significant correlation (in the author's opinion) between personality and consumer behavior will be examined. This will be followed by those studies which found a weak correlation.

The psychological concept of reference groups has also been used to explain consumer behaviour and segment markets. The concept of reference group was first propiosed by Hyman (1942) to describe the kind of group used by an individual as a pwint of reference for his own judgment, beliefs and behaviour, Venkatesan (1966), Friedman and Fireworker (1977) have confirmed that much consumer decision-making is influenced by the pressure to conform to group norms. Bourne (1957) indicated that the more conspicuous a product, the more likely its purchase is susceptible to reference group behaviour. Reference group influence is more likely to be effective in the case of products which reflect personal taste (Chisnall 1985), There is also the unproved implication in many of these studies that an individual's susceptibility to reference group influence is related in some way to his personality.

The final psychological variable to be considered separately in this study is attitude. This concept is frequently considered for use as both a segmentation base and a possible predictor of consumer behaviour. In segmenting a market the users of a product are frequently identified by means of their attitude towards that brand or product. This assumes that there is some causal link between the attitude and the purchase behaviour, a link which while frequently hypothesized has not been proved.
McGuinness *et al.* (1977), Crespi (1977), Howitt and McCabe (1978) all consider that attitude does predict behaviour. Fishbein (1967), Ajzen and Fishbein (1973), Pinson and Roberto (1973) however deny the causal link between attitude and behaviour. Work still continues to determine the true link between attitudes and behaviour.

In conclusion it should be noted that much of the published work on psychological bases of segmentation is in conflict. Although these variables do influence buying behaviour there is no reason to believe there exists a generalized pattern of influence. According to Chisnall (1985) "individual products should be carefully analyzed for the potential or actual personality factors influencing their sales".

c) Psychographic segmentation during the 1960s, a blend of personality and motivation research began to take shape (Wells 1975). It has been referred to "as the marriage between the richness of motivational research with its emphasis on qualitative methods and projective techniques and the statistical sophistication of the factor and trait theorists who made psychological segmentation studies possible" (Mostyn 1977). This new area has been variously cuddled lifestyle psychographics, activity and attitude research and "activities, interest and opinions" research (Engel *et al.* 1978).

Therefore psychographic researchers have moved beyond demographics and considered activities, interests, opinions, needs, values, attitudes and personality traits. There is as yet no generally agreed definition. In his excellent review article. Wells (1975) has proposed an operational definition of psychographic research as "quantitative research designed to place consumers on psychological as distinguished from demographic dimensions". The technique divides the market into segments on the bias of interest, values, opinion, personality characteristics, attitudes and demographic variables using techniques of factor analysis, cluster analysis and canonical correlation (Kassarjian 1971).

It is assumed that products which fit into the lifestyle will have value for the consumer. Wells (1968) named this approach "backward segmentation" because it groups people by their behavioral characteristics before seeking correlates. In this approach the analysis of buyer behaviour starts with the behaviour itself. Complex statistical techniques such as factor analysis and cluster analysis are applied to purchasing data across a wide variety of products to seek for patterns of complementary and substitutable products. The three main applications of backwards segmentation are to:

1) Stimulate ideas and guide future research.
2) Simplify marketing strategies.
3) Increase understanding by stimulating researchers to question why sets of products group together as they do.

Nelson (1971) has noted some of the reasons for the growing popularity and importance of psychographics:

a) The general acceptance of the need for the application of behavioral
b) Science information to advertising and marketing problem solving.
c) The availability of computer programmes that can perform multivariate analysis on large numbers of people.
d) Acceptance of the concept of market segmentation.
e) Decreasing relevancy of certain demographic characteristics.
f) Change taking place in our social structure.

Psychographics emphasizes the importance of general environmental cultural and social factors, e.g. socialization and group pressure and as such takes up where psychological segmentation leaves off (Mostyn 1977). Psychographic surveys usually employ scales and self-administered questionnaires which are largely pre-recoded to facilitate analysis. The samples tend to be large and the analysis ranges from the use of simple cross tabulations to the more complex factor analysis, cluster analysis or canonical correlation.

Wells (1974) has discussed the uses of psychographics in detail. He has summarized the techniques used in market segmentation the following way. "Life style and psychographic research can assist market segmentation in a variety of ways. It can provide useful descriptions of existing segments of present markets. It can help the analyst understand the results of multidimensional scaling or product benefit segmentation. It can contribute new and useful dimensions along which consumers may be segmented. It can create new segments based upon product and/or brand related interests, needs and values. And it can create new segments based upon more general aspects of life style".

Tipton (1972) has noted the general uses to which psychographic segmentation has been put, apart from market segmentation they are:

a) New product development in which a "gap" of unfulfilled needs or wants is identified in the market and a new product designed to fill that gap.
b) Media selection—the knowledge of the psychographic profile enables the selection of the most effective and economical media mix to reach the segment.
c) Creative application—knowledge of how consumers live and think is helpful to a researcher in designing an advertising campaign or making a new product appealing.

Wells (1975) divided segmentation studies into those where the segmentation was based on general life style dimensions and those in which the psychographic items were product specific. An example of the "general" approach has been drawn from Wells (1975), the product and media use of these eight psychographic groups were then calculated. In Britain, Attwood Statistics characterize the housewives on their consumer panel by their psychographic groups and behaviour into the following types (Crimp 1985):

1) Conscientiousness related to housework
2) Economy consciousness
3) Conservatism in brand (tending to better known brands rather than experimenting with a new brand or product)
4) Traditionalism in housework (related to the use of labour-saving or convenience products).
5) Willingness to experiment in shopping.

d) Behavioral bases in this method of segmentation, the consumers are divided on the basis of their use of, or response to, a product. Benefit segmentation, brand loyalty, user rate, user status, usage situation and backward segmentation come into this category. According to Kotler (1984) "Many marketers believe that behavioral variables are the best starting point for constructing market segments".

Benefit segmentation was so named by Haley (1968, 1971), although he maintained that it had been in use since 1961. "The belief underlying this segmentation strategy is that the benefits which people are seeking in consuming a given product are the basic reason for the existence of true market segments" (Haley 1968). This approach classifies buyers according to the different benefits they seek from the product and thus defines the segment by causal rather than descriptive factors. An early study by Yankelovich (1964) used benefit segmentation to analyze the market for watches. He found that:

1) approximately 23% of buyers bought for lowest price
2) another 46% bought for durability and general product quality
3) 31% bought watches as symbols of some important occasion".

The majority of better known watch companies appealed to the third segment concentrating their advertising in November and December. So the Timex Company of America marketed a low price watch aimed at the first two segments and by advertising all year round got exclusive attention ten months of the year.

Haley (1968), in what has become a classic example, produced a benefit segmentation of the toothpaste market, which is shown below. He pioneered the idea of the "principal benefit" sought fi-om a product and used this as the criterion for segmentation. The following simple three-step method for conducting a benefit segmentation has been promulgated by Miller and Granzin (1979).

a) delineation of the market
b) determination of the benefits sought by the target market
c) providing the benefits.

It is an approach which is particularly appropriate to market planning for an existing brand. However it should be noted that respondents do not find it particularly easy to define the benefits they seek. Brand loyalty is a possibly useful criterion for segmentation but the results of the research into this topic are somewhat conflicting. An early study by Cunningham (1956) which utilized panel data obtained from the Chicago Tribune showed conclusively that a significant amount of brand loyalty does exist within individual product groups. However it does not generalize over product fields. Bass *et at.* (1968) examined brand loyalty for one category of food product. They reported that their findings did not support the usefulness of brand loyalty as a guide for segmentation of markets.

A result which is questionable as only one product category was evaluated. An interesting experiment by Tucker (1964) involving consumer brand choices among four previously unknown food brands came to the following conclusions. Firstly, the women shoppers displayed considerable variance on their susceptibility to brand loyalty. Secondly, even when there is no discernible difference between brands some consumers seem to exhibit brand loyalty. Finally, it appeared that shoppers frequently select brands on a trial basis, to explore the available alternative, so repeat purchases are problematical.

More recently, Blattberg and Sen (1976) have produced a framework for the definition of segments of a wide variety of frequently purchased products, namely:

(a) high national brand loyal segment
(b) national brand loyal segment
(c) national brand switcher segment
(d) national/private switcher segment
(e) last purchase loyal segment
(f) private label loyal segment
(g) private label switcher segment
(h) national brand switcher (deal) segment
(i) deal-oriented segment.

A form of loyalty segmentation was devised by Starr and Rubinson (1978). They derived empirical probabilities from consumers' willingness to switch from a regular brand and used this data to segment consumers into "loyalty groups". There are certain difficulties in using loyalty segmentation; what appears to be brand loyalty among consumers may in fact "reflect habit, indifference, low price or non-availability of other brands" (Kotler 1984).

It is obviously an ambition of many marketers to build strong brand loyalty for their products but as yet there are few guidelines available of any practical value (Chisnall 1985). Another straightforward way of classifying the consumer is in terms of their product usage. This is sometimes referred to as volume segmentation. The "heavy half" theory popularized by Twedt (1964) argues that in many product fields 30% of the customers account for 80% of the consumption, and that these high volume customers should command maximum marketing effort.

However several authors have questioned Twedt's conclusions. Haley (1968) has pointed out that people do not always buy products for the same reasons, and therefore are not equally good prospects for a given brand. Frank (1968) noted that the "heavy half" is already the "heavy half" and may offer little scope for expansion. A study by Barker and Trost (1973) has revealed that volume purchased given time span should be used in preference to purchase frequency as a measure of user rate. They found that either purchase frequency, or size purchased together with number of units purchased at one time can be deceptive when used alone.

Alternatively, many markets can be segmented into non-users, potential users, first time users, regular users, intermittent users or ex-users. A different marketing approach will be required for each of these groups. Little research has been conducted on this topic but at a pragmatic level many companies with a high market share will attempt to convert potential users into actual users, whereas smaller firms would be more likely to encourage users to switch to their brand.